Supreme Court, U.S.
FILED
FEB 23 2004
OFFICE OF THE CLERK

(3)

No. 03-1049

IN THE

Supreme Court of the United States

IDAHO POTATO COMMISSION,

Petitioner,

v.

M & M PRODUCE FARM & SALES,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit

BRIEF OF FLORIDA DEPARTMENT OF CITRUS/FLORIDA CITRUS COMMISSION AS AMICUS CURIAE IN SUPPORT OF PETITIONER

HANK B. CAMPBELL*
GRAY ROBINSON
ONE LAKE MORTON DR.
LAKELAND, FL 33801
(863) 284-2200

Counsel for Amicus Curiae

February 23, 2004

* Counsel of Record

IN THE

Supreme Court of the United States

IDAHO POTATO COMMISSION,

Petitioner,

v.

M & M PRODUCE FARM & SALES,

Respondent.

MOTION OF AMICUS FOR LEAVE TO FILE BRIEF AS AMICUS CURIAE

The Florida Department of Citrus through its agency head the Florida Citrus Commission hereby requests leave to file a brief as amicus curiae in support of the Idaho Potato Commission's Petition for a Writ of Certiorari. The Idaho Potato Commission consented to the filing of the amicus brief; M&M Produce Farms has not been asked to consent in light of M&M's refusal to consent to the earlier amici.

Amicus owns and administers certification marks for Florida citrus products, including the "Florida Sunshine Tree®", "Fresh from Florida®" and "Florida's Seal of Approval®" marks. Amicus has an important interest in the preservation and protection of these and similar agricultural certification marks and the authenticity and quality of the underlying agricultural products. The Second Circuit's abrogation of "no-challenge" provisions in certification mark licensing will open the door to litigation regarding the marks from the very persons who have benefited from the marks and who have agreed to abide by the rules of the markholder. This will be to the detriment of the licensees who abide by the markholder's rules, to the detriment of the consumers who rely upon the mark for quality and authenticity, and to the detriment of the markholders themselves who, in the case of Idaho and Florida, have invested the State's time and

resources in establishing a recognized mark of quality and excellence for their agricultural produce.

Amicus's familiarity with certification marks, especially those for agricultural goods, will assist the Court's understanding of the issues presented by the Petition for a Writ of Certiorari. This brief presents analysis to supplement the Petition.

Respectfully submitted.

HANK B. CAMPBELL*
GRAY ROBINSON
ONE LAKE MORTON DR.
LAKELAND, FL 33801
(863) 284-2200

Counsel for Amicus Curiae

* Counsel of Record

TABLE OF CONTENTS

	Page
TABLE OF AUTHORITIES	ii
INTEREST OF AMICUS	1
SUMMARY OF ARGUMENT	2
REASONS FOR GRANTING THE WRIT	2
I. THE SECOND CIRCUIT HAS EQUATED THE PUBLIC INTEREST IN ALLOWING POTENTIALLY INVALID PATENTS TO BE CHALLENGED SO THAT THEY MAY ENTER THE PUBLIC DOMAIN WITH A NON-EXISTENT PUBLIC INTEREST IN CHALLENGING CERTIFICATION MARKS' VALIDITY TO PROMOTE MARKET COMPETITION	2
II. THE SECOND CIRCUIT FAILED TO CONSIDER THE STATE MARKHOLDER'S UNIQUE CONSTITUTIONAL STATUS	8
CONCLUSION	10

TABLE OF AUTHORITIES

Page

Cases:

City of Columbia v. Omni Outdoor Advertising, Inc., 499 U.S. 365 (1991) 9, 10
College Savings Bank v. Florida Prepaid Post Secondary Educ. Expense Bd., 527 U.S. 666 (1999)... 8
Eldred v. Ashcroft, 538 U.S. 187 (2003)..... 4
Hapco Farms, Inc. v. Idaho Potato Comm, 238 F.3d 468 (2001) 9
Idaho Potato Com'n v. M&M Produce Farms & Sales, 335 F.3d 130 (2003) ..... *passim*
Lear, Inc. v. Adkins, 395 U.S. 653 (1969)..... 3, 5, 7-9
Parker v. Brown, 317 U.S. 341 (1943) 9
Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964) 4

The Constitution:

United States Const., Art. I, § 8, cl. 8 ..... 2, 3
The Eleventh Amendment..... 9

Statutes:

The Lanham Act..... 3
15 U.S.C. § 1054..... 3
15 U.S.C. §§ 1058 and 1059 4
15 U.S.C. § 1064(5) 3, 4-5
15 U.S.C. § 1127..... 3
The Patent Code, Title 35, United States Code..... 3
35 U.S.C. § 154(2) 3
Public Law 105-330 3

Other Authorities:

64 Fed.Reg. 38103 8

INTERESTS OF AMICUS

This Amicus Brief is filed by the Florida Department of Citrus/Florida Citrus Commission, which is an agency of the State of Florida and is the owner of, among other certification marks, the "Florida Sunshine Tree®", "Fresh from Florida®" and the "Florida's Seal of Approval®" mark. The Florida Department of Citrus/Florida Citrus Commission has an interest in the Court's granting *certiorari* in this case because of the effect of the Second Circuit's decision on certification marks for agricultural products.[1]

The enforceability of "no-challenge" provisions in certification mark license agreements is a matter of great concern to States that certify their own agricultural products with the use of their own names. These provisions reflect the States' interests in controlling the use of their good names as indicators of certification and in controlling the costs of protecting and enforcing their certification marks for their own agricultural products. If licensees may ignore their agreements and challenge the validity of the marks for which they are licensed, mark owners' litigation costs will rise, and validity challenges by formerly licensed distributors of agricultural goods may become standard litigation strategy.

The States have better uses for their limited resources than expensive litigation to enforce their marks. The States' abilities to protect producers and consumers of certified agricultural products by assuring that only agricultural products (1) actually grown in the State and (2) meeting the State's standards for quality will be sold with the certification mark will be lost or diminished. Loss of a certification mark for a given agricultural product means that consumers will receive less information about the origin and quality of the product,

---

[1] A counsel for the Petitioner Idaho Potato Commission assisted in the preparation of this brief, and Petitioner Idaho Potato Commission made a monetary contribution for its printing.

information which is essential to informed purchasing decisions.

SUMMARY OF ARGUMENT

The Florida Department of Citrus/Florida Citrus Commission focuses on the unique perspectives of States certifying agricultural products and leaves the broader certification mark issues to Petitioner and other amici.

Certification marks' registrations can be renewed for indefinite duration because there is a public interest of indefinite duration in certifying goods and services in accordance with the mark. This public interest differs from the public interests in patents, which under Art. I, § 8, cl. 8, are "secure[d] for limited Times," and which are designed to pass into the public domain. Nevertheless, the Second Circuit equated the two.

Second, States that certify agricultural products have a unique constitutional and statutory status that the Second Circuit ignored. They are sovereigns entitled to State-action antitrust immunity. When they as a matter of policy decide to certify their agricultural products and to use their name in a certification mark of origin and/or quality, their licensing decisions and their licensing practices should be immune from scrutiny for hypothetical anti-competitive effects.

REASONS FOR GRANTING THE PETITION

I. THE SECOND CIRCUIT HAS EQUATED THE PUBLIC INTEREST IN ALLOWING POTENTIALLY INVALID PATENTS TO BE CHALLENGED SO THAT THEY CAN ENTER THE PUBLIC DOMAIN WITH A NON-EXISTENT PUBLIC INTEREST IN CHALLENGING CERTIFICATION MARKS' VALIDITY TO PROMOTE MARKET COMPETITION.

The Court should grant *certiorari* because the Second Circuit has equated *Lear's*[2] exposition of the public interests at the intersection of patent law, antitrust law[3] and State contract law with the public interests at the intersection of certification mark law, antitrust law and State contract law, but there is no basis for that equation in statute or case law. With few exceptions, the Lanham Act treats trademarks and certification marks identically.[4] Patent statutes, by contrast, take up the entirety of United States Code Title 35 and have no statutory connection to trademarks or certification marks. Certification mark statutes and patent statutes deal with different regimes.

Patent statutes derive from Art. I, § 8, cl. 8's directive to Congress "[t]o promote the Progress of Science . . . by securing for limited Times to . . . Inventors the exclusive Right to their . . . Discoveries." New patents are good for

---

2 *Lear, Inc. v. Adkins*, 395 U.S. 653 (1969).

3 Lear primarily addresses the anti-monopolist intent of patent law that invalid patents shall not impede commerce, but is also cited general antitrust law as well, 395 U.S. at 667 (reference to licensing restrictions arguable illegal under the antitrust laws) and 672, n.18 (reference to law review article on Federal patent and antitrust law).

4 These exceptions are:

15 U.S.C. § 1054 (1997) (2003 Supp.) has a special certification mark provision for a mark owner who "represent[s] falsely that the owner or a user thereof makes or sells the goods or performs the services on or in connection with which such mark is used."

15 U.S.C. § 1064(5) (2003 Supp.) has provisions for cancellation of certification marks for not controlling use of the mark, producing or marketing goods with the mark, using the mark for reasons other than certification, and discriminately refusing to certify conforming goods; § 1064's final paragraph added by Pub.L. 105-330 provides that certification marks cannot be cancelled because of their use in advertising or promoting certified goods.

15 U.S.C. § 1127 (2003 Supp.) contains definitions for trademarks and certification marks.

twenty years. 35 U.S.C. § 154(2) (2001 Supp.). As the Constitution requires, after "limited Times" patented inventions pass into the public domain and may be manufactured or used by anyone for the common benefit. *Eldred v Ashcroft*, 538 U.S. 187, 190 (2003), citing *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S 225, 230 (1964). Much patent litigation, and all of the patent litigation cited by the Second Circuit, was between competing manufacturers or users of a product or between an inventor and a manufacturer, often over royalties. When those cases did not enforce a "no-challenge" provision, the public interest articulated for doing so was the public benefit of allowing free use of the invention if it were not patentable and should be in the public domain. In short, paying unnecessary royalties was a drag on the economy inconsistent with the principles of the antitrust laws. Anyone could make or use the manufactured goods and not be required to pay royalties to do so if the patent were invalid.

In contrast, registrations of trademarks and certification marks in current use may be renewed for indefinite duration, 15 U.S.C. § 1058 and § 1059 (2003 Supp.), and there is no expectation that actively used marks will pass into the public domain. On the contrary, it is their success as a recognizable symbol that avoids confusion that would result if their use were in the public domain.

The Second Circuit equated the policies underlying certification of products, in which there is no Federal policy for mandatory expiration, no Federal prohibition of renewal of certification marks, and no Federal policy of eventual free use of the marks by all, with those of patent law:

> But the certification mark regime protects a further public interest in free and open competition among producers and distributors of the certified product. It protects the market players from the influence of the certification mark owner, see 15 U.S.C. § 1064(5) . . . and aims to ensure the broadest competition, and

> therefore the best price and quality, within the market for certified products. See 15 U.S.C. §1064(5)(d) (permitting cancellation of any certification mark owned by a registrant who "discriminately refuses to certify or continue to certify the goods or services of any person who maintains the standards or conditions which such marks certifies"). From our review of the cases, it appears to us that this interest is akin to the public interest in the "full and free use of ideas in the public domain" embodied in the patent laws. *Lear*, 395 U.S. at 674, 89 S. Ct. at 1902.

Idaho Potato Commission v. M&M Produce Farm & Sales, 335 F.3d 130, 138-39 (2003).

Lear held that the public interest embodied in federal anti-monopolization law overrode a state law contract principle of licensee estoppel that it would otherwise prevent a patent licensee from challenging the validity of the licensed patent. 395 U.S. at 673-76. It was apparent that, if a patent were invalid, limiting the number of persons who could manufacture the patented good and requiring those persons to pay patent royalties would be a drag on the economy of the kind that the anti-monopolization laws were designed to prevent.

Unlike the manufactured product considered in *Lear*, an improved gyroscope for the burgeoning aviation industry in faster airplanes, which could be produced by anyone and produced anywhere if the patent were invalid, the agricultural products certified by State-owned certification marks can only come from one place—the geographic area certified. A successful challenge to a certification mark would not in and of itself further the "public interest in free and open competition among producers and distributors of the certified product," 335 F.3d at 138, because invalidation of the mark could easily lead to loss of geographic identity for the unique agricultural product. For example, a distributor or retailer of

potatoes grown elsewhere could then argue that "Idaho" potato had become a generic term for any russet potato similar to the formerly certified "Idaho®" potato, if the certification mark were invalidated and there were no certifying authority left. Thus, invalidation of a certification mark, unlike invalidation of a patent, will not lead to "free and open competition among producers and distributors of the certified product," *id.*, but to exactly the opposite—a market in which no one certifies the goods and in which anyone could affix the former certifying label on qualifying or non-qualifying goods.

To take another example, allowing anyone to affix safety marks such as those issued by Underwriters Laboratories if that mark were successfully challenged would not further the "public interest in free and open competition among producers and distributors of the certified product," because the very purpose of certification would be defeated—the purpose of assuring the public that an independent certifying body has certified that the product meets certain standards.

Unlike the promotion of the overall economic wellbeing associated with the unrestricted manufacture of a formerly patented product, there is no public benefit associated with allowing a geographic certification mark for agricultural products to pass into the public domain and to be used by anyone, be they growing products in that geographic area or elsewhere. The Second Circuit's focus on the "full and free use of ideas in the public domain" is inapposite to certification mark law, which does not promote free use of certification marks by persons eligible and ineligible to use them, but restricts their use to those who are eligible though the mechanism of a certifying authority.

In addition, the Second Circuit ignored the market confusion that would result for geographic certification marks of agricultural products if there were no certification mark and if the mark could be put on any product when it described the

following supposed detriment to the public interest of the "no-challenge" provision in the contract between IPC and its licensees of the "Idaho®" certification mark:

> First, the provision places a non-quality-control related restriction on the sellers of the certified product and other licensees that benefits the mark owner in contravention of the mark owner's obligation not to interfere with the free markets meeting the certification criteria. Second, as in *Lear*, parties that have entered into a license relationship with the IPC may often be the only individuals with enough economic incentive to challenge the IPC's licensing practice, and thus the only individuals with enough incentive to force the IPC to conform to the law.

335 F.3d at 139.

The Second Circuit has thus held that all one-time certification mark licensees have open season on challenging the marks regardless of their contracts not to. This is an invitation to the seller of any agricultural product that bears a geographic certification mark to build up its business in agricultural products bearing the mark, to ignore the "no-challenge" provision in its license, then to challenge the mark, and if the challenge is successful then to begin selling any agricultural product of the kind that was formerly licensed under a geographical certification mark (*e.g.*, "Idaho®" potatoes, "Fresh from Florida®" oranges) intermingled with produce from any other region because the certification mark would no longer be valid and could be freely used on any product, regardless of origin. That is not an interest protected by the antitrust laws because there is no public interest in the "full and free use" of geographic designations for agriculture products for those that do not originate in the geographic area.

Further, the Second Circuit stated without any evidence that "parties that have entered into a license relationship with the

IPC may often be the only individuals with enough economic incentive to challenge the IPC's licensing practice, and thus the only individuals with enough incentive to force the IPC to conform to the law." 335 F.3d at 139. The Second Circuit ignores the fact that the number of distributors of agricultural products in the United States likely has many more participants than *Lear's* market for manufacturers of gyroscopes for aircraft.

In the late 1990s there were about 15,700 businesses distributing agricultural products under the Perishable Agricultural Commodities Act (PACA). See 64 Fed.Reg. 38103, 38105 (July 15, 1999) (explanatory comment to Department of Agriculture agency rulemaking under PACA). Any of them that dealt in potatoes that were not "Idaho®" potatoes or that wanted to begin to deal in potatoes and that wanted to market other States' potatoes as "Idaho®" potatoes, or to market potatoes grown in Idaho without using the "Idaho®" mark, would have an incentive to challenge the mark. The Second Circuit's reasoning that "parties that have entered into a license relationship with the IPC may often be the only individuals with enough economic incentive to challenge the IPC's licensing practice" is based upon a faulty premise about the number of marketers of fresh agricultural produce.

For all of the reasons discussed in this part of the amicus, the Court should grant *certiorari* to review the Second Circuit's decision.

II. THE SECOND CIRCUIT FAILED TO CONSIDER THE STATE MARKHOLDER'S UNIQUE CONSTITUTIONAL STATUS.

In addition to the reasons already given, which implicate every certification markholder, the Court should grant *certiorari* because the Second Circuit's decision has ignored the Idaho Potato Commission's constitutional status as an arm of the State. See *College Savings Bank v. Florida Prepaid*

Post Secondary Educ. Expense Bd., 527 U.S. 666, 685-86 (1999) (under the Eleventh Amendment the States enjoy a unique status in litigation when they participate in commerce).

It is Second Circuit precedent that the Idaho Potato Commission is an arm of the state entitled to Eleventh Amendment immunity. *Hapco Farms, Inc. v. Idaho Potato Comm*, 238 F.3d 468 (2001). Thus, the Idaho Potato Commission is entitled to State-action antitrust immunity. *Parker v. Brown*, 317 U.S. 341 (1943). Although the Second Circuit referred to principles embodied in and derived from antitrust law—"the important public interest in permitting full and free competition"[5]—335 F.3d at 135, it ignored antitrust law's State-action immunity. As an arm of the State of Idaho carrying out articulated state policies, the Idaho Potato Commission was not within the reach of anti-monopolist laws that were the *raison d'être* of *Lear's* holdings. Federal antitrust law does not reach commerce, trade or contracts supervised by and entered into by the State pursuant to an articulated State policy. *E.g.*, *City of Columbia v. Omni Outdoor Adverstising*, Inc., 499 U.S. 365, 370-78 (1991), reviewing the reasons underlying a successful application of the State-action immunity.

The Second Circuit listed as a potential public interest to be served by Federal abrogation of a "no challenge" contract with the State sovereign itself, that Respondent M&M's had alleged that the Idaho Potato Commission "is a corporate entity dominated by producers of the certified products." 335 F.3d at 130. States and their agencies that are arms of the State for Eleventh Amendment purposes are not "corporate

---

[5] *E.g.*, "The basic premise underlying the Sherman Act is the assumption that free competition among business entities will produce the best price levels." *Brown v. Pro Football, Inc.*, 518 U.S. 231, 252 (1996).

entities"; they have distinct Constitutional and statutory status. Further, the Second Circuit ignored this Court's admonition that "we reaffirm our rejection of any interpretation of the Sherman Act that would allow plaintiffs to look behind the actions of state sovereigns to base their claims on perceived conspiracies to restrain trade," *City of Columbia*, *supra*, 499 U.S. at 379, when it countenanced looking at the make-up or motivation of the members of the Idaho Potato Commission.

The Second Circuit also held that the case before it "lacks a strong countervailing public interest other than the general interest in enforcing written contracts." *Id.* at 139. The State's use of its name to certify its own agricultural products is a public interest greater than the ordinary State-law interest in enforcing contracts. The State's decisions (1) to certify agricultural products with its name or the name of its municipality, (2) to establish a licensing practice for those products to protect the good name of its certification mark, and (3) to protect State resources from needless litigation by demanding that the beneficiaries of the use of the State's name agree not to challenge the certification mark are strong countervailing public interests that the State's themselves have articulated, that go to the heart of the State's fisc, and that form the bases of their policy determinations whether it is in the public interest to become a certifier of agricultural products.

None of the States' interests as sovereigns holding certification marks were considered by the Second Circuit. That is another reason why the Court should grant the petition for a writ of *certiorari.*

CONCLUSION

To preserve the certification mark system established by Congress and to preserve the system of State geographic certification of agricultural products and the public benefit of

quality and geographic certification of agricultural products, amicus respectfully requests that the Court grant IPC's Petition for Certiorari.

Respectfully submitted,

HANK B. CAMPBELL*
GRAY ROBINSON
ONE LAKE MORTON DR.
LAKELAND, FL 33801
(863) 284-2200

Counsel for Amicus Curiae

February 23, 2004

* Counsel of Record